

JOINT SERVICE AGREEMENT
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
ELF ATOCHEM NORTH AMERICA, INC.
and
PORTLAND GENERAL ELECTRIC COMPANY

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This JOINT SERVICE AGREEMENT (Agreement), executed 9/24, 1993, by the UNITED STATES OF AMERICA (Government), Department of Energy (DOE), acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and Portland GENERAL ELECTRIC COMPANY (Portland), a corporation organized and

existing in the State of Oregon and ^{ELF}  ATOCHEM NORTH AMERICA INC. (Elf Atochem), a corporation organized and existing in the State of Pennsylvania, (Parties)

WITNESSETH:

WHEREAS Elf Atochem has constructed a facility in Portland, Oregon, located in Bonneville's load control area, and Elf Atochem has contracted with Portland to provide service in excess of Elf Atochem's Contract Demand with Bonneville; and


WHEREAS Bonneville has agreed to let Portland provide services to Elf Atochem's Portland facility above Elf Atochem's Contract Demand of 84 MW, pursuant to Elf Atochem's power sales contract with Bonneville, Contract No. DE-MS79-81BP90355 (Power Sales Contract); and

WHEREAS Portland and Bonneville entered into the Exchange Agreement, Contract No. 14-03-37017 (Exchange Agreement), providing, among other matters, for the establishment of an exchange account and provisions for settlement of such account,

NOW, THEREFORE, the Parties hereto agree as follows:

1. TERM

This agreement shall be effective upon execution (Effective Date) and shall terminate on the earlier of the following:

- (a) The termination of the Power Sales Contract with ^{ELF}  Atochem; or
- (b) Upon termination of Portland's obligation to serve Elf Atochem for any reason, including, but not limited to,
 - (1) mutual agreement of Portland and Elf Atochem or
 - (2) a court order given by a court of competent jurisdiction over the matter.

2. DEFINITIONS

- (a) "Contract Demand" means the maximum demand to which Elf Atochem is entitled under their Power Sales Contract with Bonneville.
- (b) "Monthly Facility Credit" means the credit as specified in Exhibit D, given to Portland for Elf Atochem's monthly payment to Bonneville.
- (c) "Point of Delivery" (POD) means the point at which electric power and energy are made available by Bonneville to Elf Atochem on behalf of Portland, as specified in Exhibit C.
- (d) "Point of Replacement" (POR) means the point or points at which electric power and energy are made available by Portland to Bonneville, as specified in Exhibit C.
- (e) "Portland/Elf Atochem Agreement" is the power sale agreement between Portland and Elf Atochem providing for the sale of Portland power to Elf Atochem, signed May 28, 1993.
- (f) "Transfer Capability" means the rated kilowatt capacity as agreed upon in joint utility planning, of the equipment in the contract path, as such path is specified in Exhibit C.
- (g) "Transfer Charge" means the monthly charge per kilowatt of Transfer Demand shown in Exhibit D, used to calculate the payment due Bonneville as compensation for Transfer Service for Portland to Elf Atochem, as reduced by the Monthly Facility Credit specified in Exhibit D.
- (h) "Transfer Demand" means the largest of the Integrated Demand during the month, as defined in Exhibit B, as measured by meters at locations specified in Exhibit C, after eliminating all abnormal nonrecurring Integrated Demands resulting from emergency power system conditions.
- (i) "Transfer Services" means delivery of electric power and energy provided by Portland over the facilities of Bonneville to Elf Atochem.

All terms which are capitalized herein, and not defined, shall have the same meaning as in Elf Atochem's Power Sales Contract or in the 1991 Wholesale Power Rate Schedules and General Schedule Provisions, or its successor.

3. EXHIBITS

Exhibit A (Wholesale Transmission Rate Schedule and General Transmission Rate Schedule Provisions), Exhibit B (General Wheeling Provisions), Exhibit C (Point of Delivery and Point of Replacement), Exhibit D (Transfer Charge and Loss Factor), are attached and by this reference incorporated into this Agreement.

4. REVISION OF EXHIBITS

- (a) Exhibit A shall be replaced by successor rate schedules in accordance with the provisions of subsection 7(i) of the Pacific Northwest Electric Power Planning and Conservation Act and Agency rules;
- (b) Exhibit C shall be revised at any time upon mutual agreement of the parties;
- (c) Transmission Charges and Loss Factors specified in Exhibit D shall be revised pursuant to section 19 of Exhibit B, Adjustment for Change of Conditions section, upon mutual agreement of the parties, as follows:
Bonneville or Portland shall submit written notice, including justification for any such revision, to Portland or Bonneville 90 days prior to the date the revision is requested to be effective, but not more often than once every 12 months. Portland or Bonneville shall review such information and shall not unreasonably withhold agreement to change the affected Exhibit. Revisions to Exhibit D incorporating such changes shall be prepared by Bonneville and shall be substituted for the Exhibit D then in effect and shall become effective as of the date specified in such notice. Transmission Loss Factors specified in Exhibit D shall be based on the Contract Path, as specified in Exhibit C.

5. CONSENT TO PORTLAND SERVICE

Bonneville agrees pursuant to section 4(d) of Elf Atochem's Power Sales Contract that Portland may serve the portion of Elf Atochem's load above Contract Demand. Such service will be provided under the Portland/Elf Atochem Contract.

6. SERVICE LEVELS

(a) Restrictions

Portland shall serve Elf Atochem's load above 84 MW (Contract Demand) up to 122 MW, except as follows:

(1) Restriction by Bonneville

Portland service shall be restricted during any restriction by Bonneville pursuant to section 7(b) of the Power Sales Contract, as required by Bonneville. Portland can continue to serve Elf Atochem when Bonneville imposes restrictions under section 7(c), 7(d), or 7(e) of the Power Sales Contract.

(2) Curtailment by Elf Atochem

If Elf Atochem establishes an Operating Demand or requests a Curtailed Demand less than its Contract Demand under section 9 of the Power Sales Contract, Portland shall not continue to provide service during any such curtailment.

(b) Scheduling and Allocation of Monthly Energy

(1) Elf Atochem shall notify Bonneville and Portland, not later than 0900 hours on the last preschedule day, of the Operating Level, in whole megawatts, on Bonneville and Portland for the following month.

(2) In its Operating Level notification Elf Atochem shall designate its expected load factor for the month, for scheduling purposes only, and shall notify Bonneville and Portland in advance of any expected change in load factor. Portland shall schedule energy to Bonneville for

Elf Atochem in the estimated shape of the increased load Portland is serving.

- (3) Bonneville will allocate metered kilowatt-hour deliveries between Portland and Bonneville based on the load factor of the total power and energy delivered to Elf Atochem.
- (4) On any hour, to the extent that Elf Atochem's load exceeds the demand levels established pursuant to subsection 6(b)(1), above, Bonneville shall assess Elf Atochem the charge for unauthorized increase under the Industrial Firm Power Rate Schedule (IP-93) or its successor. This charge shall be in lieu of any charges assessed pursuant to section 19 of the Portland/Elf Atochem Agreement.

7. INDUSTRIAL REPLACEMENT ENERGY (IRE)

Portland may provide IRE to Elf Atochem in accordance with the Portland and Elf Atochem Agreement. Any such deliveries shall be subject to the following:

- (a) The period of IRE deliveries shall never exceed the restriction period, and
- (b) The provisions of the then current IRE agreement between Elf Atochem and Bonneville, including, but not limited to, any appropriate service charges.

8. PROVISIONS RELATING TO DELIVERY

Electric power and energy shall be made available by Bonneville during the term hereof, on a nonfirm basis when transmission capacity is available. It shall be delivered according to the relevant terms of the Power Sales Contract and this Agreement, and at the Point of Delivery, described in Exhibit C, in the amount of Portland's requirements and up to Portland's forecasted loads; provided however, Bonneville may, but shall not be obligated to, deliver such electric power and energy in excess of such Portland load, so long as the combined loads of Bonneville and Portland are less than the Transfer Capability. Amounts of electric energy and varhours delivered at such point during each month shall be determined from measurements made by meters installed at the locations and in the circuits specified in Exhibits C.

9. REPLACEMENT OF POWER DELIVERED

- (a) In exchange for electric power and energy delivered by Bonneville hereunder, Portland shall make available to Bonneville each hour during the term hereof the amount of electric power and energy which is estimated to be the amount, so adjusted for losses, as specified in Exhibit D, which Bonneville will deliver hereunder during such hour, and Portland shall schedule such amount for delivery to Bonneville at the Point of Replacement specified in Exhibit C, subject to the applicable provisions of the Exchange Agreement, as it may be amended or replaced. Such amount of electric energy shall be scheduled in whole megawatts and in the estimated shape of the increased Elf Atochem load that Portland is serving.
- (b) Portland shall not replace energy delivered to Elf Atochem that Bonneville determines is an unauthorized increase pursuant to section 6(c)(4), above.
- (c) Except under emergency conditions, requests for schedule changes shall be submitted no later than 30 minutes before the beginning of the hour.
- (d) Under emergency conditions, requests for schedule changes may be submitted up to 10 minutes before the beginning of the hour, or with less notice if mutually agreed. The party with emergency conditions will notify the other party and the schedule will be modified, if necessary, later, at mutually agreeable times and rates, to compensate for such changes.
- (e) For the purpose of any load dropping scheme that Portland and Bonneville may participate in, the dropping of Portland's Elf Atochem load shall be credited to Portland.

10. ^{10.2} TRANSFER CHARGE PAYMENT

For the use of Transfer Services, provided hereunder, Portland shall pay Bonneville each month during the term hereof, the product obtained by multiplying the Transfer Demand for such month by the current Transfer Charge for the Point of Delivery after increasing the Transfer Demand by one percent for each one percent or major fraction thereof by which the average power factor, at which electric energy is delivered hereunder during each month, is less than 95 percent lagging. In

computing the monthly charge, Bonneville shall credit Portland with the Monthly Facility Credit, as specified in Exhibit D, up to the amount of the transfer payment.

11. PAYMENT OF BILLS

- (a) Portland shall reimburse Bonneville by wire transfer or by offsetting such amounts against all payments due Portland for the month during which Transfer Service was provided in accordance with the billing information section of the General Transmission Rate Schedule Provisions in Exhibit A.
- (b) The Parties agree that in the event that Transfer Services are provided after the expiration of the notice required by section 4(c), above, but where the revised charges have not been agreed upon, invoices with such revised charges shall be issued. When the final rate is determined, interest shall be paid by either Bonneville or Portland, as appropriate, on the difference between the interim and final charges. The interest rate charged shall be the weighted average interest rate charged to Bonneville by the U.S. Treasury.

 12.100

DEVILATION ACCOUNT

The Parties recognize that the amounts prescheduled under section 6 may deviate from the actual amounts allocated pursuant to section 6(b)(3) above. In the event this occurs, the Parties agree to adjust the deviation between scheduled amounts and actual deliveries in accordance with the Exchange Agreement. This will appear on Portland's wholesale power bill.

13. FUTURE SERVICE FACILITIES

- (a) Portland and Bonneville individually reserve the right to initiate future discussions concerning Portland's ability to serve all or a portion of Elf Atochem's increased load up to 38 MW from either Portland's 115 kV Harborton-Station E line or its 11 kV line out of Willbridge Substation.

- (b) Bonneville has no obligation to upgrade its transmission system to provide service under this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By J. A. Johansen
ACTING Assistant Administrator
for Power Sales

Name J. A. Johansen
(Print/Type)

Date September 24, 1993

PORTLAND GENERAL
ELECTRIC COMPANY

By _____

Name _____
(Print/Type)

Title _____

Date _____

 ELF ATOCHEM NORTH AMERICA, INC.

By _____

Name _____
(Print/Type)

Title _____

Date _____

(PMLAN-PMC-W:\PMC\CT\94171\94171.DOC)

- (b) Bonneville has no obligation to upgrade its transmission system to provide service under this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____
*Assistant Administrator
for Power Sales*

Name _____
(Print / Type)

Date _____

PORTLAND GENERAL
ELECTRIC COMPANY

By *Richard G. Reiten*

Name *Richard G. Reiten*
(Print / Type)

Title *President*

Date *9/23/93*

 ELFATOCHM NORTH AMERICA, INC.

By _____

Name _____
(Print / Type)

Title _____

Date _____

(PMLAN-PMC-W\APMC\CT\94171\94171.DOC)

- (b) Bonneville has no obligation to upgrade its transmission system to provide service under this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____
*Assistant Administrator
for Power Sales*

Name _____
(Print/Type)

Date _____

PORTLAND GENERAL
ELECTRIC COMPANY

By _____

Name _____
(Print/Type)

Title _____

Date _____

ELF

ATOCHEM NORTH AMERICA, INC.

By Andrea E. Utecht

Name ANDREA E. UTECHT
(Print/Type)

Title VICE PRESIDENT

Date 9/24/93

(PMLAN-PMC-W:\PMC\CT\94171\94171.DOC)

Exhibit C
Contract No. DE-MS79-93BP94171
Transferor: Bonneville
Transferee: Portland
Customer: Elf Atochem
Effective at 2400 hours
on the Effective Date

Point of Delivery and Point of Replacement

1. ELF ATOCHEM POINT OF DELIVERY

- (a) **Location**
The point in Bonneville's Pennwalt substation where the 11.5 kV facilities of Elf Atochem and Bonneville are connected.
- (b) **Voltage**
11.5 kV.
- (c) **Metering**
In Bonneville's Pennwalt substation, in the 11.5 kV circuits over which such electric power and energy flow.

2. POINT OF REPLACEMENT

The point of interconnection in Bonneville's Keeler Substation where the St. Mary 230 kV facilities of Portland are connected to the 230 kV facilities of Bonneville.

3. CONTRACT PATH

From the Point of Replacement on Bonneville's 230 kV dead-end structure in Bonneville's Keeler Substation, through the 230\115 kV transformer bank and associated facilities, out over 8.85 miles on Bonneville's Keeler-Pennwalt 115 kV transmission line, into Bonneville's Pennwalt Substation, and through Bonneville's 115/11.5 kV transformer bank and associated facilities.

Exhibit D, Page 1 of 5
 Contract No. DE-MS79-93BP94171
 Transferor: Bonneville
 Transferee: Portland
 Customer: Elf Atochem
 Effective at 2400 Hours on the
 Effective Date

Transfer Charges and Loss Factors

Demand Range	Transfer Charge	Losses - Energy	Facility Credit
(kW)	(\$/kW/mo)	(%)	(\$/mo)
0 - 9,999	0.7861	1.31	9,054
10,000-19,999	0.7138	1.41	9,054
20,000 - 29,999	0.6541	1.51	9,054
30,000 - 38,000	0.5854 2097 <i>W</i>	1.60	9,054

Sample Calculation

Transfer Charge (\$0.7861) * Demand (5,000 kW) = \$ 3,931
 \$3,931 Minus Facility Credit (\$9,054) = \$ 0

Transfer Charge (0.6541) * (Demand 20,000 kW) = \$13,082
 \$13,082 Minus Facility Credit (\$9,054) = \$ 4,028

Transfer Charge Calculation

1/ From "Bonneville Power Administration Fiscal Year 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M Based Upon Fiscal Years 1990, 1991, and 1992 Averages." This does not include O&M charges.

2/ From "Bonneville Power Administration 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M based upon Fiscal Year 1990, 1991, and 1992 Averages." Page 2 Actual 1992 O&M Costs and Service Lives for Main Grid Substation Components and Transmission Lines".

3/ From "Bonneville Power Administration Fiscal Year 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M Based Upon Fiscal Years 1990, 1991, and 1992 Averages." This does not include O&M charges.

4/ From "BPA Annual O&M Charges for Customer Owned or Leased Facilities, O&M Expenses Averaged for Fiscal Year 1990, 1991, and 1992."

5/ Investment that Bonneville has added since the establishment of the monthly charges that Bonneville pays Portland.

6/ This is the cost of Bonneville's O&M for the total line or substation.

Exhibit D, Page 3 of 5
 Contract No. DE-MS79-93BP94171
 Transferor: Bonneville
 Transferee: Portland
 Customer: Elf Atochem
 Effective at 2400 Hours on the
 Effective Date

Transfer Charge Calculation

16 MW LOAD (Use for loads between 10 and 19.99 MW)

Keeler/Pennwalt 115 kV Line									
Monthly payment to PGE									
	INV	BPA kW	PGE kW	Total kW	ACR 1/	O&M 2/	Payment	Total kW	Monthly Charge
New Investment \$/	\$130,061	84,000	15,000	99,000	0.0808	NA	\$20,000	99,000	\$0.3090
O&M \$/	NA	84,000	15,000	99,000	NA	\$19,514.00		Annual Charge	Monthly Charge
								0.1062	0.0088
								0.1971	0.0164
									\$0.2273
TOTAL FOR K/P LINE									
Pennwalt Substation									
Monthly payment to PGE									
	INV	BPA kW	PGE kW	Total kW	ACR 1/	O&M 2/	Payment	Total kW	Monthly Charge
New Investment \$/	\$9,923	84,000	15,000	99,000	0.0808	NA	\$24,574	99,000	\$0.2482
O&M \$/	\$1,180,115	84,000	15,000	99,000	NA	0.0809		Annual Charge	Monthly Charge
								0.0081	0.0007
								0.9644	0.0804
									\$0.3289
TOTAL FOR PENNWALT SUB									
Keeler Substation (b-5)									
	Investment	BPA kW	PGE kW	TOTAL kW	ACR 1/	O&M 4/	Annual Fac. Chrg	Monthly Fac. chrg	
230 kV Terminal	\$430,565	189,000	15,000	204,000	0.0845	\$19,441	\$0.2735	\$0.0228	
230 kV Terminal	\$292,572	189,000	15,000	204,000	0.0845	\$19,441	\$0.2185	\$0.0180	
230-115 kV Transformer	\$1,217,804	189,000	15,000	204,000	0.0845	\$61,314	\$0.9029	\$0.0752	
115 kV Terminal	\$238,176	189,000	15,000	204,000	0.0845	\$12,788	\$0.1613	\$0.0134	
115 kV Terminal	\$237,949	84,000	15,000	99,000	0.0845	\$12,788	\$0.3323	\$0.0277	
								\$0.1573	
TOTAL FOR KEELER SUB									

1/ From Bonneville Power Administration Fiscal Year 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M Based Upon Fiscal Years 1990, 1991, and 1992 Averages. This does not include O&M charges.

2/ From Bonneville Power Administration 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M based upon Fiscal Year 1990, 1991, and 1992 Averages. Page 2 Actual 1992 O&M Costs and Service Lines for Main Grid Substation Components and Transmission Lines, for 116/230 KV Wood Transmission Lines.

3/ From Bonneville Power Administration Fiscal Year 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M Based Upon Fiscal Years 1990, 1991, and 1992 Averages. This does not include O&M charges.

4/ From BPA Annual O&M Charges for Customer Owned or Leased Facilities, O&M Expenses Averaged for Fiscal Year 1990, 1991, and 1992.

5/ Investment that Bonneville has added since the establishment of the monthly charges that Bonneville pays Portland.

6/ This is the cost of Bonneville's O&M for the total line or substation.

Exhibit D, Page 4 of 5
 Contract No. DE-MS79-93BP94171
 Transferor: Bonneville
 Transferee: Portland
 Customer: Elf Atochem
 Effective at 2400 Hours on the
 Effective Date

Transfer Charge Calculation

25 MW LOAD (Use for loads between 20 and 29.99 MW)

Keeler/Pennwalt 116 KV Line									
Monthly Payment to PGE									
	INV	BPA kW	PGE kW	Total kW	ACR 1/ 0.0808 NA	O&M 2/ NA \$19,514.00	Payment \$20,000	Total kW 109,000	Monthly Charge \$0.1835
New Investment 5/ O&M 5/	NA	84,000 84,000	25,000 25,000	109,000 109,000	NA			Annual Charge 0.0964 0.1790	Monthly Charge 0.0080 0.0149 \$0.2084
TOTAL FOR K/P LINE									
Pennwalt Substation									
	INV	BPA kW	PGE kW	Total kW	ACR 1/ 0.0808 NA	O&M 2/ NA 0.0809	Payment \$24,574	Total kW 109,000	Monthly Charge \$0.2264
New Investment 5/ O&M 5/	\$9,923 \$1,180,115	84,000 84,000	25,000 25,000	109,000 109,000	NA			Annual Charge 0.0074 0.8759	Monthly Charge 0.0006 0.0730 \$0.2991
TOTAL FOR PENNWALT SUB									
Keeler Substation (A-6)									
	Investment	BPA kW	PGE kW	TOTAL kW	ACR 1/ 0.0845	O&M 4/ \$19,441	Annual Fac. Chrg \$0.2609	Monthly Fac. chrg \$0.0217	
230 KV Terminal	\$430,555	189,000	25,000	214,000	0.0845	\$19,441	\$0.2064	\$0.0172	
230 KV Transformer	\$292,572	189,000	25,000	214,000	0.0845	\$81,314	\$0.8608	\$0.0717	
116 KV Terminal	\$1,217,504	189,000	25,000	214,000	0.0845	\$12,788	\$0.1538	\$0.0128	
116 KV Transformer	\$238,176	84,000	25,000	109,000	0.0845	\$12,788	\$0.3018	\$0.0251	
	\$237,949							\$0.1486	
TOTAL FOR K/P LINE & PNWLT SUB									
KEELER SUB									
25 MW Total (\$/KW/Month)									

- 1/ From Bonneville Power Administration Fiscal Year 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M Based Upon Fiscal Years 1990, 1991, and 1992 Averages. This does not include O&M charges.
- 2/ From Bonneville Power Administration 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M based upon Fiscal Year 1990, 1991, and 1992 Averages. Page 2 Actual 1992 O&M Costs and Service Lives for Main Grid Substation Components and Transmission Lines, for 116/230 KV Wood Transmission Lines.
- 3/ From Bonneville Power Administration Fiscal Year 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M Based Upon Fiscal Years 1990, 1991, and 1992 Averages. This does not include O&M charges.
- 4/ From BPA Annual O&M Charges for Customer Owned or Leased Facilities, O&M Expenses Averaged for Fiscal Year 1990, 1991, and 1992.
- 5/ Investment that Bonneville has added since the establishment of the monthly charges that Bonneville pays Portland.
- 6/ This is the cost of Bonneville's O&M for the total line or substation.

Exhibit D, Page 5 of 5
 Contract No. DE-MS79-93BP94171
 Transferor: Bonneville
 Transferee: Portland
 Customer: Elf Atochem
 Effective at 2400 Hours on the
 Effective Date

Transfer Charge Calculation

34 MW LOAD (Use for loads between 30 and 38 MW)

Keele Substation				
Monthly payment to PGE				
	INV	BPA kW	PGE kW	Total kW
New Investment \$	\$130,061	84,000	34,000	118,000
O&M \$	NA	84,000	34,000	118,000
				Monthly Charge
				\$0.0074
				0.0128
				\$0.1907
				Monthly Charge
				\$0.0074
				0.0128
				\$0.1907

Pennwalt Substation				
Monthly payment to PGE				
	INV	BPA kW	PGE kW	Total kW
New Investment \$	\$9,923	84,000	34,000	118,000
O&M \$	\$1,180,115	84,000	34,000	118,000
				Monthly Charge
				\$0.0006
				0.0574
				\$0.3763
				Monthly Charge
				\$0.0006
				0.0574
				\$0.3763

Keele Substation (R-4)				
	Investment	BPA kW	PGE kW	Total kW
230 kV Terminal	\$430,555	189,000	34,000	223,000
230 kV Terminal	\$292,572	189,000	34,000	223,000
230-115 kV Transformer	\$1,217,604	189,000	34,000	223,000
115 kV Terminal	\$238,176	189,000	34,000	223,000
115 kV Terminal	\$237,949	84,000	34,000	118,000
				Monthly Charge
				\$0.0209
				\$0.0185
				\$0.0688
				\$0.0123
				\$0.0006
				\$0.1706
				Monthly Charge
				\$0.0209
				\$0.0185
				\$0.0688
				\$0.0123
				\$0.0006
				\$0.1706

TOTAL FOR KEELE SUB				
Investment	\$0.4070			
Monthly Charge	\$0.1417			
Monthly Charge	\$0.0007			

- 1/ From "Bonneville Power Administration Fiscal Year 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M Based Upon Fiscal Years 1990, 1991, and 1992 Averages." This does not include O&M charges.
- 2/ From "Bonneville Power Administration 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M based upon Fiscal Year 1990, 1991, and 1992 Averages, Page 2 Actual 1992 O&M Costs and Service Lives for Main Grid Substation Components and Transmission Lines", for 116/230 KV Wood Transmission Lines.
- 3/ From "Bonneville Power Administration Fiscal Year 1993/1994 Annual Financial Requirements as a Percentage of Plant Investment and O&M Based Upon Fiscal Years 1990, 1991, and 1992 Averages." This does not include O&M charges.
- 4/ From "BPA Annual O&M Charges for Customer Owned or Leased Facilities, O&M Expenses Averaged for Fiscal Year 1990, 1991, and 1992."
- 5/ Investment that Bonneville has added since the establishment of the monthly charges that Bonneville pays Portland.
- 6/ This is the cost of Bonneville's O&M for the total line or substation.



Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

SALES AND CUSTOMER SERVICE

September 27, 1996
AUTHENTICATED

Steve Scott
Portland General Electric
121 SW Salmon
Portland, OR 97204

Jack Snyder
Elf Atochem
6400 NW Front
Portland, OR 97210

This letter addresses the pending termination of the Elf Atochem, Portland General Electric (PGE), Bonneville Power Administration (BPA) Joint services Agreement (Contract No. DE-MS79-93BP94171). As you recall, you met with Syd Berwager, BPA's Senior Account Executive for Elf Atochem, and other BPA representatives on April 16, 1996 at the Elf Atochem business offices to discuss this situation. We specifically discussed section 1(a) of the Joint Services Agreement, which provides that "[t]his Agreement shall be effective upon execution (Effective Date) and shall terminate on the earlier of the following:... (a) The termination of the Power Sales Contract with Elf Atochem..." This reference is to the so-called 1981 BPA Power Sales Contract, No. DE-MS79-81BP90355, which terminates on September 30, 1996.

Since that meeting, we have received a letter from PGE (from Steve Scott, dated September 5, 1996 addressed to Cliff Perigo, BPA's Senior Account Executive for PGE, copy to Elf Atochem) that disputes the termination of the Joint Services Agreement. PGE asserts that the termination is "improper, unauthorized, and ineffective." In addition, PGE asserts that pursuant to section 20(a) of the General Wheeling Provisions (an exhibit to the Joint Services Agreement), the other parties are required to continue performance under the terms of the agreement, pending resolution of the dispute as to the correct termination date. BPA does not agree with this position. Section 20(a) reads, in part, that "[p]ending resolution of a disputed matter the parties will continue performance of their respective obligations pursuant to this contract." BPA contends that it has no further obligations after September 30, 1996, pursuant to the terms of the contract. Section 20(a) cannot be used by one party to extend the term of a contract that clearly terminates according to its own terms. Furthermore, to the extent that PGE reads section 20(a) in conflict with the contract termination provision, section 1(a), then the latter provision must prevail, as provided in section 1(a) of the General Wheeling Provisions, which states that "[t]he provisions in this exhibit shall be deemed to be a part of the contract body to which they are an exhibit. If a provision in such contract body is in conflict with a provision contained herein, the former shall prevail."

Even though BPA has not yet received a Good Faith Request from PGE detailing their transmission needs, BPA understands Elf Atochem intends to operate its plant above the 84MW level served by BPA following the termination date of the Joint Services Agreement. Given that all parties (BPA, PGE, and Elf Atochem) seek to facilitate and support Elf Atochem's continued normal operations and because of the limited time remaining, BPA offers, by this letter, to enter into a new short term joint services agreement for the month of October, based on the existing

Joint Services Agreement (Contract No. DE-MS79-93BP94171), with the provision that this short term agreement would expire as of 2400 hours on October 31, 1996. The purpose of this offer is to provide the parties with the opportunity to agree to this new joint services arrangement to replace Contract No. DE-MS79-93BP94171, which BPA contends expires on September 30, 1996. It is BPA's position that BPA's 1996 Transmission Rate Schedule would apply for transmission service under a subsequent joint service agreement.

You may accept this offer by signing the concurrence below. If you have any questions please contact Cliff Perigo at 230-5381 or Syd Berwager at 230-5879.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By **/S/ CLIFFORD C. PERIGO**
Senior Account Executive,
Transmission

Name Clifford C. Perigo
(Print/Type)

Date **9/27/96**

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By **/S/ SYDNEY D. BERWAGER**
Senior Account Executive,
Power

Name Sydney D. Berwager
(Print/Type)

Date **9/27/96**

CONCURRENCE:

PORTLAND GENERAL ELECTRIC

By **/S/ S. SCOTT**

Name **Steve Scott**
(Print/Type)

Title **Director, Industrial Accts.**

Date **27 Sep 96**

CONCURRENCE:

ELF ATOCHEM NORTH AMERICA

By **/S/ GENE SPINA**

Name **Gene Spina**
(Print/Type)

Title **Regional Manufacturing Mgr.**

Date **9-30-96**